



# CALPEEK

## CALIFORNIA POLITICAL WEEK

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### **BUSH AT WAR: AMERICANS DIVIDED ON WAR WITH IRAQ. MOST WANT U.N. SUPPORT & BIG COALITION**

Editor's note: With the U.S. moving more troops, naval forces and warplanes into the Persian Gulf region for a probable war with Iraq, American public opinion is not united. The polling data presents a confusing picture. Here's our analysis & commentary...

...A recent poll in the *San Jose Mercury News* indicates 83% of Americans would support military action ONLY if the U.N. backed such a war and ONLY if the U.S. had the support of a multi-national coalition. Building such a coalition and then keeping it united may prove tougher than winning a war with Iraq. Of the 1,204 polled Jan. 3-6 by Princeton Survey Research Associates, most Americans felt terrorism from al-Qaida was a bigger threat than Iraq's WMD (weapons of mass destruction)...

...But a newer ABC-Washington Post survey (Jan. 16-20, 1,133 nationwide by TNS Intersearch) shows support for a U.S.-led war at 57% vs. 41% opposed, with 3% offering no opinion. The ABC-Post survey did not frame a question similar to the *Mercury News*. Cross-tabs in the ABC-Post poll showed Bush getting strong support from GOP voters (78%), but among Demos 57% are against a war to topple Iraq's Saddam Hussein. FYI: overall, Americans give Pres. George Bush a 50% approval mark for his handling of the Iraq/Saddam Hussein situation vs. 46% who disapprove, with 4% no opinion. His approval rating in December on Iraq/Saddam was 58% - so there's been a drop...

...This past week there were large scale anti-war parades and demonstrations in DC and S.F., plus smaller anti-war activities in places such as Yorba Linda, outside the Nixon Library. Many of those anti-war protests see the probable war with Iraq as having little to do with WMD and more to do with oil and Bush's unfinished "*family business*."...

...In the upscale City of West Hollywood, the city council on Jan. 22<sup>nd</sup> passed a resolution opposing war with Iraq. West Hollywood is the 41<sup>st</sup> city in the U.S. to pass such a resolution. All of this anti-war activity attracted lots of

broadcast/cable/print coverage, but thus far most of those speaking out are either unknown to most Americans or are considered out of the mainstream...

...Whatever the case, Pres. Bush gets one more big chance to make his case on Jan. 28<sup>th</sup> when he delivers the *State of the Union* address. He's not only got to make his case with the American people, but with allies such as France and Germany. This may prove difficult if not impossible. The French have threatened to veto any use of force U.N. resolution. Public opinion in Europe is running 80/20 against war. Stay tuned...

### **BUDGET WARS: FIXING CALIF.'S MASSIVE DEFICIT.**

Editor's note: This will be an unusually long story for *Calpeek* - covering many different aspects of the **\$96.4 billion** 2003-04 budget which Gov. Gray Davis(D) presented to the CA Legislature on Jan. 10<sup>th</sup>. The politics of this year's budget aren't pretty. Calif. and most of the other states have a combined deficit of more than \$60 billion. Calif.'s red ink is the largest. Here's our analysis & commentary, with a focus on the politics...

■ *Calif.'s Deficit* - Gov. Davis hasn't made things any easier on himself (politically speaking) - thanks in large part to a disagreement with Legislative Analyst Liz Hill over the size of the deficit. On Dec. 18<sup>th</sup> Gov. Davis said the red ink over the next 18 months was **\$34.6 billion**. But Hill's estimate for that same time period was **\$26.1 billion!!!**

...It's not just the \$8.5 billion difference - it's the way the Davis Admin. arrived at that figure: the GOP and some in the news media think Davis "cooked the books." Hill said Davis' DOF (Dept. of Finance) puffed up projections of future spending by \$5.5 billion and then turned around and cut that same amount. Uppps...

■ *Davis Vs. GOP* - GOPers were furious at the "cooked book" snafu - saying Davis did this just so that he could raise taxes by a huge amount to cover the budget hole. Did Davis & Co. do this on purpose??? Probably not, but it looks very suspicious. Regardless, the continued GOP spin

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that Calif.'s budget problems were caused by massive Davis (and Demo) spending doesn't really wash with most experts. Yes, there was more spending during prosperous times, but the current deficit is a result of a huge drop in tax revenues, (\$17 billion) mostly due to the slump in Calif.'s hi-tech industry and the stock market...

...If GOP lawmakers are to maintain credibility with voters, they must come up with viable alternatives to Davis' plan. The last thing the 47 Calif. Republican Legislators need is a complete State govt. shutdown. They don't want to look like partisan obstructionists...

■ **Raising Taxes to Plug the Deficit** – There are two basic problems with raising taxes: 1) It takes a 2/3rds vote of the Legislature to raise taxes (and GOPers continue with their NO TAX HIKES mantra); and 2) even if you get 6 GOPers in the Assembly and 2 in the CA Senate to break ranks, because of Prop. 98, about 58 cents of every dollar raised by new taxes (up to the first \$5 billion) would go to K-14 education and would NOT go for deficit reduction, this according to Hill. That's troubling to many...

...Thus, as it stands now, Gov. Davis' plan to raise State income taxes on the wealthiest Californians is DOA, as is a plan raise the sales tax by 1 cent. That still leaves some sin taxes that might be on the table...

■ **Sin Taxes** – In the proposed budget, Gov. Davis wants to raise the tobacco tax by \$1.10 per pack. This won't fly with Republicans. And then there's a proposal by State Sen. Gloria Romero(D-L.A.) which would hit the wine, beer and liquor industry with a 5 cent per drink fee. Notice we didn't call this a TAX. The revenue raised from SB 5X would be given to emergency/trauma care centers. Romero had a similar bill in 2002, but it died in committee. One big problem here: sources say some key labor unions will go to war against this bill – claiming that if it were to pass, it would drive union members into a revolt against Democrats. And given Pres. George W. Bush's blue collar appeal, this might not play well in Calif. in 2004...

...One more sin tax worth noting: Gov. Davis has floated an idea to let Indian gaming casinos have more slot machines in return for about \$1.5 billion in revenue sharing. This idea was also floated by GOP State Sen. Jim Battin. U.S. law bans States from taxing Indian casinos, but the States can enter into revenue sharing agreements. Gov. Davis has appointed former CA Supreme Court Justice Cruz Reynosa, retired San Diego Co. Judge Anthony Joseph and attorney Frederick Wyle to begin working with the CA Indian tribes on a new agreement. Interesting...

■ **The VLF Brouhaha** – As noted in last week's *Cal-peek*, the current Davis budget puts the fiscal screws to counties and cities because the new budget has omitted \$4.2 billion in revenue backfill from the VLF – vehicle license fees. But Davis can't cut the backfill unless the legislators give their OK and that's not going to happen. Cities and counties use about 60% of the VLF revenue to fund public safety. In Orange Co., the VLF secures the county's bankruptcy bonds. Assembly Speaker Herb Wesson says the Davis VLF plan is a non-starter. VLF fees can be raised or lowered with a majority vote, but as of now it looks like the fee will stay where it is, even though Wesson wants to raise the fee to produce more revenue...

■ **The Davis Economic Stimulus Plan** – Gov. Davis wants to keep the \$450 million business investment tax credit (due to expire in 2004). That's good news for Calif. business. Davis also plans to immediately pump billions of dollars of bond funds previously OKed by voters into the State's rather limp economy. The bond money should create new construction jobs and this will have a multiplier effect on other segments of the economy...

■ **Long Term Budgetary Reform** – Gov. Davis is firmly committed to long term budget reform and so is his new DOF Director Steve Peace...

...Demos and their allies (read that as organized labor) may look to the ballot box for long term solutions. Sources say that a coalition of unions has already begun doing some focus groups and polling on the question of reducing the 2/3rds vote on taxes to a 55% vote and reducing the 2/3rds vote on the budget to a 55% vote. (FYI: Demo Assemblyman John Longville has introduced ACA 1 which will do the same thing). Neither would be easy to pass, but that's why these groups are studying it. The key question: does the current 2/3rds requirement lead to consensus or gridlock???

...The GOP may also go to the ballot box. The Assembly GOPers (John Campbell) have introduced ACA 6 which repeals the Gann Spending Limit and in its place would limit total state general fund spending to an annual increase of no more than the increase in the cost of living, multiplied by a percentage increase in population. And, most importantly, it would require that excess revenues be allocated to a meaningful reserve account or "rainy day fund."...

...Davis and new DOF Director Peace have been generally supportive of this concept of a budget reserve and while in the State Senate Peace floated an idea along these lines last year – so this idea may have legs – although ACA 6 may not be the vehicle. Insiders think Davis, Peace, Wesson and

Senate President John Burton and GOP Senate Leader Jim Brulte will turn to the Senate staffers who wrote Prop. 42 last year to draft language for a budget reserve. The SCA would combine a reserve account with an infrastructure account. If that's what takes place, then ACA 11 (Richman) which is already on the ballot, will have to be pulled and folded into this new SCA...

...**THE BOTTOMLINE:** In order for Legislators to cast tough votes for this new 2003-04 budget (and both Demos and GOPers will be in this position) they have to be able to tell their constituents that they fixed the long term structural problems associated with the budget. Stay tuned...

#### **BACK WINS CRA ENDORSEMENT OVER SUNDHEIM IN CALIF. REPUBLICAN PARTY CHAIR'S BATTLE...**

Editor's note: By most accounts, current CRP Vice Chair Bill Back is locked in a tough battle with Northern Calif. Lincoln Club Pres. Duf Sundheim to replace Shawn Steel as the next chair of the CA Republican Party. The election takes place at the CRP's Feb. 21-23 convention in Sacto. Here's our update & analysis...

...At its endorsement meeting in Ontario on Jan. 18<sup>th</sup>, the Calif. Republican Assembly(CRA) endorsed Back to be the next chair of the Calif. Republican Party(CRP). The vote was close: Back got a 2/3rds vote by a one vote margin. Back was the favorite going into this endorsement meeting. For those unfamiliar with the CRA, they are a very conservative group of volunteers: pro-life, pro-gun, anti-tax. And even though Sundheim repeated his stand that he would not favor killing off the CRP's pro-life party platform plank, Sundheim's Northern Calif. Lincoln Club credentials probably didn't help him with this group of GOPers. The more mainstream Calif. Congress of Republicans(CCR) endorsed Sundheim some time ago, but in terms of membership, CRA has a larger core group...

...FYI: In addition to Back, the CRA also endorsed CRP's So. Regional Vice Chair Lois Godfrey for vice chair over CRP Asst. Sec. Mario Rodriguez of Orange Co. This too is an interesting contest. *Calpeek* sources say the White House is still mad with Godfrey for opposing the CRP reforms and may have recruited Rodriguez to challenge her. The Orange Co. GOP Central Cmt. recently endorsed Godfrey over Rodriguez...

#### ***The Reeves vs. Ridgel Distraction***

...While neither Back nor Sundheim want to get directly involved in the continuing nasty battle between CRP Secretary Shannon Reeves, who is Black and is neutral in the CRP

chair's contest, and CRP Director Randy Ridgel (a strong Back supporter), it's obvious this racially charged fight between the two is worrying both camps...

...No reason to rehash the whole thing, except to note that Reeves blasted Back for reprinting an article in his (Back's) 1999 email newsletter which suggested the U.S. would have been better off had the South won the Civil War. Back apologized, but Reeves called upon Back to get out of the CRP chair's race. Back declined. Ridgel didn't like Reeves hit and shot back – "I personally don't give a damn about your color...so stop parading it around." Reeves described Ridgel's letter as an "ignorant, offensive statement of the highest order." The latest Ridgel retort (1/20/03) says in part, "...I just don't remember your being hired as our Black window-dressing. Perhaps it was done by your kindred spirit Shawn Steel in consultation with Duf Sundheim..." So Ridgel has now drawn Steel into this flap and knowing Steel, he'll fire back with a nuke...

...While the original mess over Back's email was seen as a negative for Back, now our GOP sources believe the continuing Reeves vs. Back/Ridgel battle may in fact now be aiding Back with rural, northern Calif. CRP delegates – a backlash. Stay tuned...

#### **CAMPAIGN 2003: BATTLE FOR L.A.'s 10<sup>TH</sup> COUNCIL DISTRICT TO REPLACE HOLDEN SEEN AS TOSS UP.**

Editor's note: While L.A. Councilman Nate Holden is *termed out*, he would dearly love to hand deliver his 10<sup>th</sup> council district over to his top deputy, Deron Williams. Only problem is that Williams faces 3 other very tough rivals and most sources see the Mar. 4<sup>th</sup> muni primary as a toss up. Here's our update & analysis...

...This is another one of those L.A. City Council contests which features a former member of the CA Assembly: Rod Wright(D-L.A.). During the filing process, Wright was still a member of the State Assembly, thus he'll carry that title as his ballot designation. But as *Calpeek* readers know, current and former CA Legislators have **not** done all that well when trying to run for the L.A. City Council. Regardless, Wright has some impressive endorsements including the Calif. Legislative Black Caucus, 7 prominent Black ministers, Mrs. Ethel Bradley, S.F. Mayor Willie Brown, Lt. Gov. Cruz Bustamante, U.S. Rep. Howard Berman and most importantly U.S. Rep. Maxine Waters. Wright's war chest stands at \$81,310 – according to the L.A. City website...

...Ludlow did win the endorsement of the L.A. Co. Labor Federation (COPE) – no shock there – and he was the odds



on favorite to win the L.A. Co. Demo Central Cmt. too, until Waters persuaded the committee members to keep the endorsement open and thus out of Ludlow's reach. If Ludlow is relying on big help from labor, he might as well kiss this race goodbye. L.A. Co. labor leader Miguel Contreras' top priority for the council is 14<sup>th</sup> district candidate Antonio Villaraigosa and our sources suggest all other labor-endorsed candidates will get crumbs NOT cake. Still, Ludlow has raised a respectable \$164,362 warchest, but he's never been on the ballot before – unlike Wright and another key rival, Madison Shockley...

...Shockley is best known for his close race against Holden four years ago. He got 46% against Holden and was endorsed by 6 of Holden's council colleagues. Not this time. Still, Shockley has some residual name ID, the backing of some influential Black ministers and his campaign says he'll raise about \$250,000 (as of now he's raised \$57,479). Shockley's big problem: he's not running against Nate...

...Williams is Holden's chief deputy and knows the 10<sup>th</sup> CD inside out. He's raised the most of the four top tier candidates (\$192,600), but sources in the other camps note that Williams has only about \$130,000 cash-on-hand. So where did \$60,000 go? Williams' ace is, of course, Holden who is still very popular in the 10<sup>th</sup> CD. 20% of the voters will blindly do what Nate tells them, one source told *Calpeek*. Probably true...

...FYI: The big question in this contest concerns SEIU Local 347 – the big L.A. City SEIU unit. Originally they endorsed Reggie Jones Sawyer, but he dropped out. 347 is supposed to make an endorsement sometime after *Calpeek* goes to press. Will they go for Ludlow, Wright or Williams or keep the endorsement OPEN? Stay tuned...

#### **CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.**

Editor's note: Here are a few items, political & otherwise, worth noting...

■ ***Keep Your Eyes on Oracle Probe*** – A grand jury in Sacramento is probing the Oracle software mess from last year, with the AG's office handling the inquiry. During *Campaign 2002*, AG Bill Lockyer's office said there was *no impropriety* in connection with a \$25,000 Oracle Corp. contribution to Gov. Gray Davis and the \$95 million software contract with the State. The current probe is looking at possible perjury by some of those who testified before then Assemblyman Dean Florez's special legislative panel probing the deal. Florez is quoted in an L.A. Times story

(1/15) as saying, "I would assume that we are looking at criminal aspects." Leaks all over the place and sources say this grand jury probe leads to the Governor's office...

■ ***Judge Tosses Robles Case*** – L.A. Co. Judge John A. Torribio has dismissed 7 felony counts against South Gate Treas. Albert Robles, after a jury was deadlocked on charges that Robles had threatened State Sen. Martha Escutia, political consultant Leo Briones (Escutia's husband) and Assemblyman Mario Firebaugh. The judge said that he felt no jury would be able to convict Robles if the DA were to retry the case. L.A. DA Steve Cooley could appeal, but Robles still faces 2 counts of possessing illegal weapons (a separate case). These are felony charges too. This trial is due to start in March. Meanwhile, Robles and 3 of his allies on the South Gate Council face a recall election Jan. 28<sup>th</sup>...

#### **CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.**

Editor's note: Here are some items to mark down in your notebook. We have a ton of these announcements...

● A sad note: Morris Kight, 83, a leader in the gay rights movement, died Jan. 19<sup>th</sup> from complications of cancer, heart problems and pneumonia. He was a co-founder of the L.A. Gay & Lesbian Center. He also helped to organize the first gay parade in 1970. R.I.P...

● The political consulting firm of Dresner, Wickers & Assoc. has moved its S.F. office to 655 Third St., S.F. 94107. Same phone (415)512-7100...

● Lobbyists Ralph Heim, Russell Noack and John Caldwell have dissolved their old firm and have joined Fred Taugher's Public Policy Advocates as partners...

#### **CALPEEK'S MARKETPLACE NETWORK**

● **Pacific Northwest AIPAC** seeks Political Director with minimum of three years political experience. The job includes strengthening relationships between lay leaders and Representatives; encouraging people to become involved politically. Excellent benefits package. Please send resume & cover sheet to [sf\\_office@aipac.org](mailto:sf_office@aipac.org).

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